



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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JUL 03 2014

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Directive-Type Memorandum (DTM) 14-004 – DLA Retail Support Policy

- References: (a) Final Report to the President, Report Volume One, Recommendation # 177, Supply, Storage, and Distribution Management Reconfiguration
(b) Memorandum of Agreement (MOA) on Base Realignment and Closure Implementation between DLA and AFMC, August 3, 2007
(c) Navy - DLA BRAC 2005 SS&D Concept of Operations (CONOPS), April 17, 2009

Purpose. This DTM establishes policy for DLA management of Military Services' industrial depot retail supply support by extending DLA's existing distribution, planning, order fulfillment, procurement, and technical/quality processes and tools. This DTM will expire and be incorporated into a new DLA Instruction (DLAI) within 12 months from the date of issuance. A Retail Manual with processes and procedures will be published prior to the DLAI and defined business rules will be published prior to or in conjunction with the DLAI.

Applicability. This DTM applies to DLA Logistics Operations (J3), DLA Acquisition (J7), DLA Finance (J8), DLA Distribution, DLA Aviation, DLA Land & Maritime, and DLA Troop Support; specifically to the Demand Chain Owners (DLA Aviation, DLA Land & Maritime, and DLA Troop Support) responsible for management of an Industrial Support Activity (ISA).

Policy. It is DLA policy that

(a) HQ DLA J342, Inventory Distribution Network will set and maintain the Overall DLA policy for retail supply support management in accordance with References (a), (b), and (c).

(b) The DLA PLFAs affected and Industrial Support Activities (ISAs) will supplement this policy with local manuals and job aides that do not change the intent of this policy.

Responsibilities. See Attachment 1.

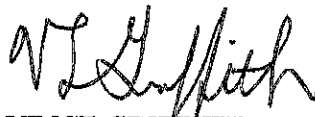
Procedures. See Attachment 2.

Information Requirements. None

Internal Controls. This policy will be reviewed annually, in a coordinated effort, by DLA Logistics Operations (J34), DLA Acquisition (J7), DLA Finance (J8), applicable DLA PLFAs, and DLA ISA Commanders (or their representative).

Releasability. UNLIMITED. This DTM is approved for public release and is available on the Internet from the DLA Issuances Internet Website at <http://www.dla.mil/Issuances/>.

The POC for this DTM is the Inventory Distribution Network Division. Questions may be directed to this office at (703) 767-2845.



VINCE GRIFFITH
Rear Admiral, SC, USN
Director, DLA Logistics Operations

Attachments:

1. Responsibilities
2. Procedures

DISTRIBUTION:

MEMORANDUM FOR COMMANDER, DLA LAND AND MARITIME
MEMORANDUM FOR COMMANDER, DLA TROOP SUPPORT
MEMORANDUM FOR COMMANDER, DLA AVIATION
MEMORANDUM FOR COMMANDER, DLA DISTRIBUTION
MEMORANDUM FOR DIRECTOR, DLA ACQUISITION
MEMORANDUM FOR DIRECTOR, DLA FINANCE

ATTACHMENT 1

RESPONSIBILITIES

1. The DIRECTOR, DLA LOGISTICS OPERATIONS (J3) shall: Develop overall CONUS and OCONUS Retail support policy.
2. The EXECUTIVE DIRECTOR, SUPPORT (J34), under the authority, direction, and control of the DIRECTOR, DLA LOGISTICS OPERATIONS (J3), shall: Determine the methodology for managing retail support within the parameters provided in this policy.
3. DLA Headquarters, Inventory Distribution Network (J342) shall: Serve as the Enterprise Process Owner for retail supply management and approval authority for any changes to this policy that affects the DLA enterprise. DLA HQ J342 will also serve as the entry point for all Military Service requests regarding Retail issues, both CONUS and OCONUS, interfacing with the DLA HQ J31 National Account Managers (NAMs), and the DLA PLFAs.
4. The Commanders, DLA Aviation, DLA Land and Maritime, and DLA Troop Support shall: Have the responsibility of supporting and enacting retail support policy decisions. Modifications to the policy will be coordinated between the DLA HQ and PLFAs.
5. The Commander, DLA Distribution shall: Have the responsibility of supporting and enacting retail support policy decisions. Modifications to the policy will be coordinated between the DLA HQ and the DLA PLFAs.
6. The Director, DLA Acquisition (J7) shall: Have the responsibility of supporting and enacting retail support policy decisions. Modifications to the policy which affect DLA Acquisition will be coordinated between DLA J3, DLA J7, and the DLA PLFAs.
7. The Director, DLA Finance (J8) shall: Have the responsibility of supporting and enacting retail support policy decisions. Modifications to the policy which affect DLA Finance will be coordinated between DLA J3, DLA J8, and the DLA PLFAs.

ATTACHMENT 2PROCEDURES

1. OVERVIEW. Through Base Realignment and Closure 2005 (BRAC) efforts, DLA extended current wholesale business processes and Enterprise Business System (EBS) capabilities to the Supply, Storage & Distribution environment to enhance support to the Warfighter. Integrated Maintenance Depot Supply Storage & Distribution (SS&D) Operations consolidated consumer-level (retail) supply, storage, and distribution functions supporting industrial depot maintenance by transferring these functions and associated personnel from the Military Services to DLA. It also merged distinct wholesale and consumer-level supply processes and inventory.

The Inventory Management Stock Positioning (IMSP) Initiative extended the EBS process capabilities and system functionality necessary to support DLA's new consumer-level (retail) supply, storage, and distribution responsibilities. The following elements of these existing business processes were extended.

a. DLA established Industrial Support Activities (ISAs) at participating Military Service industrial activities which are collocated with a DLA Distribution Center.

b. The US Air Force relinquished retail support for all but AF-managed items at the three Air Logistic Complexes (ALCs): ALC Warner Robins, GA; ALC Oklahoma City, OK; and the ALC Ogden, Utah. For AF-managed items, the AF establishes retail levels and supports retail requisitions from the DLA depot supply activity. Under DLA management, retail levels and support for DLA managed items originate in DLA's EBS. For all other Items of Supply (not AF or DLA managed), the retail level is established and maintained in the Air Force's Supply Chain Management System. The ISAs at these locations are under the direction of the Demand Chain Owner, DLA Aviation Richmond, VA, and are known as DLA Aviation at Warner Robins, GA; DLA Aviation at Oklahoma City, OK; and DLA Aviation at Ogden, Utah. They each have a DLA ISA commander.

c. The US Navy relinquished retail support for all items of supply at the three Naval Fleet Readiness Centers (FRCs): FRC Southwest at San Diego, CA; FRC East at Cherry Point, NC; and FRC Southeast at Jacksonville, FL. The ISAs at these locations are under the direction of the Demand Chain Owner, DLA Aviation Richmond, VA, and are known as DLA Aviation at San Diego, CA; DLA Aviation at Cherry Point, NC; and DLA Aviation at Jacksonville, FL. They each have a DLA ISA commander.

d. While the direction of these ISAs falls under a specific DLA Demand Chain Owner (Aviation), DLA Retail supply support management is a DLA Enterprise-wide operation. HQ DLA J342, Inventory Distribution Network as the process owner, is responsible for establishing and maintaining overall policy as it relates to other DLA J Codes and the affected DLA PLFAs. The specific processes and procedures necessary to enact this policy are established and maintained by the DLA Demand Chain Owner under which the retail location command falls.

2. SPECIFIC ROLES AND RESPONSIBILITIES.

a. DLA HQ J341 Order Fulfillment (OF) Division is responsible for:

- (1) Maintaining the business rules and system parameters for processing retail orders.
 - (a) Including retail orders for DLA managed, Non-DLA managed, and Local Stock Number (LSN) items.
 - (b) Maintaining business rules and system parameters for processing retail orders for material in less than unit of issue.
 - (c) Maintaining business rules and system parameters for supplying retail requisition status to customer.
 - (d) Maintaining Materiel Obligation Validation (MOV) Tracking Report for retail transactions from non-DLA sources.
- (2) Maintaining business rules and system parameters for processing Naval Requisition Alerts.
- (3) Maintaining business rules and system parameters for protection of inventory placed in Storage Location "EA" (protected stock for use by the FRC industrial customer) at the FRCs to include:
 - (a) Transactions between Systems Application & Products (SAP) and Distribution Standard System (DSS) requesting the movement of material between Storage Location Codes and blocked/unblocked status.
 - (b) Transactions between SAP and DSS requesting and confirming protection.
 - (c) Incrementing and decrementing balances accordingly.
- (4) Maintaining business rules for re-identifying material from unit of issue to unit of use and the reverse upon receipt of a requisition alert or sales order.
- (5) Maintaining business rules for the manual release of protected stocks at retail sites.
- (6) Maintaining business rules for research and analysis seeking satisfaction for all retail unfilled orders.
- (7) Maintaining oversight of all Order Fulfillment (OF) retail tables in SAP.

(8) Providing notification of any request for inventory action on material physically in Storage Location "EA" (protected stocks) for the Navy or in the Shop Service Centers (SSCs) for the Air Force in report format.

(a) Out of Balance Adjustment

(b) Inventory

(c) Location survey

(9) Performing adjustments for inventory balance discrepancies between DSS and SAP within five business days after receiving notice from DSS.

(10) Maintaining business rules and system parameters for submitting any types of retail material discrepancy reports.

b. DLA HQ J342 Inventory Distribution Network Division is responsible for:

(1) Serving as Enterprise Process Owner for retail supply management and approval authority for any changes to this policy that affects the DLA enterprise.

(2) Maintaining the business rules and system parameters for defining a retail item.

(3) Establishing and maintaining business rules and system parameters for systemic multi-echelon level setting.

(a) Assuming control of the configuration of the Inventory Policy Optimization (IPO) tool for optimizing safety stock.

(b) Maintaining the parameter/constraint settings of IPO.

(c) Coordinating and prioritizing taskings to DLA Office of Operations Research and Resource Analysis (DORRA) for scenarios/analysis of changes for IPO as recommended by the PLFAs.

(4) Establishing and maintaining business rules for manual adjustments to multi-echelon retail levels to include DLA Form 1913 and job aides.

(5) Establishing and maintaining DLA Inventory Distribution Network for retail support

(a) Maintaining business rules and system parameters for systemically establishing and disestablishing retail stock keeping units (SKUs).

(b) Maintaining business rules for manually establishing and disestablishing retail SKUs.

(c) Maintaining item restrictions/constraints/exceptions for SKU building

(6) Maintaining business rules and system parameters for the level and type of protection of stock.

(a) Maintaining business rules and system parameters for the setting of retail protection levels for retail assets.

(b) Maintaining business rules and system parameters for protection indicator codes.

(7) Maintaining Planning interfaces between DSS and JDA (The Supply Management Tool that is part of DLA's EBS).

(8) Maintaining business rules, system parameters and manual movements for the movement of materials within the DLA network to be used to fill a shortage at retail SKU.

(9) Maintaining all Planning retail tables in JDA.

c. DLA HQ J343 Planning Division is responsible for:

(1) Maintaining business rules and system parameters for retail customer returns process for DLA managed, non-DLA managed, and LSN materiel.

(2) Maintaining business rules and system parameters for retail supply planning.

(3) Maintaining business rules and system parameters for retail demand planning.

(4) Maintaining the planning process for dual channel (AAC H) retail items.

(5) Maintaining Stockability business rules and system parameters for retail items.

(6) Maintaining Forecastability business rules and system parameters for retail items.

(7) Maintaining the business rules and system parameters for the collaboration process for retail items.

(a) Navy FRC calculates Gross Demand Plan (GDP) in MRPII (Naval Supply Management Tool) and submits to DLA weekly and monthly.

(b) DLA incorporates GDP and DDE data using current and new customer collaboration functionality monthly.

(8) Maintaining business rules and system parameters for item lead-time for retail items.

(9) Maintaining business rules and system parameters for coverage duration business rules for retail items.

(10) Maintaining business rules and system parameters for managing non-DLA-managed and LSN retail items.

d. DLA Technical and Quality Assurance (HQ J344) is responsible for:

(1) Maintaining business rules and system parameters for retail Technical/Quality process area.

(2) Developing, maintaining and aligning retail engineering support process with applicable Mil Service agreements and requirements.

(3) Maintaining business rules and system parameters for retail Product Quality Discrepancy Reports (PQDRs).

(4) Maintaining business rules and system parameters for retail material discrepancy reports related to TQ process area.

(5) Establishing and maintaining business rules for the use of DLA Form 1912, Engineering Support for local purchase, and job aides.

e. DLA Demand Chain Owners (Aviation, Land, Maritime, or Troop Support) is responsible for:

(1) Acting as Office of Primary Responsibility (OPR) for retail supply management.

(2) Ensuring retail management policies, processes and procedures within the Demand Chain Owner and the ISAs are properly executed.

(3) Managing retail SKUs in JDA and processes DLA Form 1913 according to business rules.

(a) Coordinating with ISA and Demand Chain Owner functional personnel as necessary.

(b) Assuring proper level of approval authority.

(4) Managing retail SKU levels in JDA according to business rules.

- (a) Determining performance target setting in IPO and work with Supply Chains on request for additional OA, as required, to meet target based on funding constraints.
- (b) Sharing any configuration change in IPO with the Supply Chain Owners.
- (c) Processing DLA Form 1913 to manually change a SKU level in JDA.
 - 1. Coordinating with ISA and Demand Chain Owner functional personnel as necessary.
 - 2. Assuring proper level of approval authority.
- (d) Maintaining manual retail protection level changes according to business rules.
- (e) Maintaining manual retail protection level indicator changes according to business rules.
- (5) Ensuring Emergency Local Procurement and retail offset buys are made according to business rules.
- (6) Supporting ISA Demand Planner in achieving a more accurate future demand plan by gathering and analyzing supportability information.
- (7) Managing material returned by retail customer according to business rules.
- (8) Processing customer returns from Navy Tiger Teams according to business rules.
- (9) Monitoring Timeline Tracking Table for customer returns from non-DLA managed items at Navy retail sites.
- (10) Incorporating Military Service site systems, policies and instructions that support and do not contradict DLA policies and instructions.
- (11) Recommending and prioritizing policy and system changes in support of retail management to HQ DLA J342 as process owner.
- (12) Establishing and modifying local policies and procedures, local job roles, local training documents, etc. as required.
- (13) Providing resources for training, and functional subject matter experts to manage retail issues.
- (14) Maintaining target retail performance to support 90% Order Response Time (ORT).

(15) Producing specific reports and metrics required by Navy FRCs and Air Force ISAs to measure various parameters.

(16) Reimbursing the cost of retail actions requested of DLA Distribution through the local cost recovery rate for the AF ALCs only. DLA Distribution will bill Navy for costs of retail actions for reimbursement until a local cost recovery is established with the Navy.

(17) Coordinating with HQ DLA J342 Stock Positioning to ensure STOs generate appropriately. Manual STO requests are to be submitted to the MANU Mailbox.

(18) Ensuring Supply Chain budgets include funds for management of retail items in accordance with the cost allocation matrix.

(19) Providing forward positioned personnel as necessary.

(20) Developing and maintaining the DLA Retail Instruction Manual for retail support processes and procedures.

(21) Maintaining Material Master Records for DLA- managed, non-DLA- managed, local stock number, and less than unit of issue items within EBS according to business rules.

(22) Generating and managing outbound change notices due to changes in Material Master.

(a) Change notices for LSNs will be internal to EBS and sent to interested Navy sites and DSS.

(b) Change notices to NSNs may be internal to EBS or flow from the Federal Logistics Information System (FLIS).

(23) Processing Product Quality Discrepancy Reports (PQDRs) for retail material within the minimum timeframe allowed in regulations.

f. DLA Supply Chain (Aviation, Land, Maritime, or Troop Support) is responsible for:

(1) Supporting the Demand Chain Owner in meeting performance goals agreed upon between Military Service customer and the Demand Chain Owner.

(2) Managing DLA managed, non-DLA managed, local stock number and IPV retail items in EBS according to business rules.

(3) Collaborating with the Demand Chain Owner regarding the IPO level setting process.

(a) Determining funding constraints with concurrence for targets set by the Demand Chain Owner.

(b) Validating/communicating with Demand Chain Owner for safety stock levels that are questionable.

(c) Sharing any configuration change in IPO with the Demand Chain Owner.

(4) Performing and administering non-emergency acquisitions for retail items for which they are the Supply Chain according to business rules.

(5) Applying the performance of any normal functional tasks required for management of an item to a retail item unless there are specific business rules directing otherwise.

(6) Coordinating with the ISA prior to designating retail assets to DLA Disposition.

(7) Managing systemic safety level changes recommended by IPO.

g. Industrial Support Activity (ISA) under direction of a specific Demand Chain Owner (Aviation, Land and Maritime, or Troop Support) is responsible for:

(1) Maintaining Shop Service Center (SSC) levels in DSS in support of the ALCs.

(a) Reviewing and acting on SSC systemically recommended levels monthly for SSCs in DSS according to business rules.

(b) Inputting and maintaining any manual SSC level changes in DSS according to business rules.

(2) Submitting DLA Form 1913 requesting a new retail SKU be built, or a retail SKU level change according to business rules.

(a) Approving the DLA Form 1913.

(b) Inputting and maintaining new level in DSS upon return of approved DLA Form 1913 (AF).

(c) Updating JDA for retail managed material of approved DLA Form 1913.

(3) Establishing material master records for LSN items.

(4) Preparing Supply Discrepancy Report (SDR) for Air Logistics Complexes (ALCs) or Storage Quality Control Report for Fleet Readiness Centers (FRCs) to document the exchange or shortage correction for receipt of wrong or damaged material.

(5) Ensuring more accurate future demand planning by gathering and analyzing supportability information.

(a) Engaging with the AF customer as required to facilitate demand forecasting down to the SSC level.

(b) Validating demand information through the Customer Collaboration Data Demand Exchange (DDE) process.

1. DDE for Air Force.

2. GDP for Navy FRCs.

(c) Utilizing Percent Forecast Error and Demand Plan Accuracy metrics to optimize the cost to serve.

(d) Performing analysis and makes adjustments as necessary for GDP demand data received from FRCs both weekly and monthly.

(6) Processing AF Form 1996 for establishing special/adjusted stock level for non-DLA managed items

(7) Collaborating with the local Distribution Center in support of ISA customers.

(8) Collaborating with the Demand Chain Owner by coordinating with DLA HQ J342 Inventory Distribution Network to ensure STOs generate appropriately. Manual STO requests are submitted to the MANU Mailbox.

(9) Assuring that all customer requisitions are properly submitted.

(10) Processing Retail Emergency Buys (to include pre and post award functions) according to business rules for:

(a) Emergency Local Purchase (AAC L).

(b) Retail surplus buys (stock on the shelf).

(c) Hybrid buys (to satisfy a backorder and stock for future backorders).

(d) Non-emergency local stock number buys (FRCs).

(11) Using the dominant customer switch to designate National Stock Numbers (NSNs) as collaborative without a Demand Data Exchange (DDE). The ISA Demand Planner, after gathering the information, will send the information to the ISA BPA for input into JDA.

(12) Ensuring the insertion of demand history from D035K on LSN items newly stock listed. Historic LSN data in D035K will be populated by JDA via service ticket until systemic process is in place.

(13) Processing DLA Form 1912 for authorization from USAF to procure materiel for emergency and stock buys where permitted.

(14) Using the Center of Parts Activity (COPA) as the primary work load utility for materiel management functions until functionality is embedded in EBS.

(15) Having the ability to coordinate with the Demand Chain Owner to set ZT blocks on materiel following established business rules.

(16) Determining retention stock levels for retail items by location for exclusion from disposal in accordance with the disposal policy.

(17) Obtaining an electronic signature for custodial transfer of materiel.

h. DLA Distribution is responsible for:

(1) Supporting the Demand Chain Owner by meeting performance goals agreed upon between Military Service customer and Demand Chain Owner.

(2) Performing storage and distribution functions in support of the IA for the FRCs.

(3) Performing re-warehousing actions to the ISA SSC within the timeframe requested by the DLA Demand Chain Owner.

(4) Filling individual maintenance customer requisitions when received directly into the Distribution Center and delivers to maintenance line or co-located SSC within the timeframe determined by the DLA Demand Chain Owner and in accordance to the requisition priority.

(5) Providing storage and distribution for retail inventory as determined by the Stock Positioning rules.

(6) Providing short term temporary storage (STTS) in accordance with DLA Distribution Standard Operating Procedures.

(7) Providing receiving and storage for returned DLA- managed, non-DLA-managed, and LSNs material in CC "A" to DLA from local maintenance customers.

(8) Providing repackaging and/or remarking of material to meet item data changes as requested by the Supply Chain, to include changes to stock number, Unit of Issue, and Unit of Use.

(9) Processing Supply Discrepancy Report (SDR) for Air Logistics Complexes (ALCs) or Storage Quality Control Report for Fleet Readiness Centers (FRCs) for retail material in accordance with DLM 4000.25, Volume 2, Chapter 17.

(10) Ensuring that material movement will have positive hand off at drop off points, either electronically or manually to meet audibility and accountability requirements.

(11) Billing the Military Services (except for AF) for any retail support work. For AF, DLA Distribution will be reimbursed by DLA Aviation for anything included in the DLA Aviation Local Recovery Rate (LRR).

i. DLA Finance (J8) is responsible for:

(1) Ensuring DLA Distribution costs for work requested by the Demand Chain Owners for the Air Force ALCs is reimbursed through the local recovery rate according to the Cost Allocation Matrix. Navy reimburses at the FRCs and funding/full time equivalent (FTEs) were transferred from DLA Aviation to DLA Distribution.

(2) Ensuring that obligation authority in support of retail management is submitted and coordinated by the Supply Chains for inclusion in the Supply Chain Management Program and Budget Review submission process.

(4) Ensuring that obligation authority for ISA procurements is properly sourced and tracked.

(5) Ensuring that the ISA FTE recommended changes in support of retail management are submitted and coordinated by the Supply Chain Owners for inclusion in the SCM PBR submission.

j. DLA Acquisition (J7) is responsible for:

(1) Maintaining business rules and system parameters for Local Purchases of DLA managed, non-DLA managed, LSNs and IPV items that meet the local emergency or retail offset purchase criteria; or non-emergency local stock number buys for depot stock replenishment.

(a) Local procurement of IPV items is authorized only after all IPV channels have been exhausted.

(b) Organic manufacturing is authorized when the criteria stated in DLAI 3210, Organic Manufacturing (Effective August 20, 2003, Modified March 3, 2010).

(2) Maintaining business rules and system parameters for stock-numbered non-emergency item procurements at the Supply Chain.

(3) Maintaining business rules and system parameters for using a DLA Government Purchase Card.

(4) Maintaining business rules and system parameters for procurement through local manufacture.

(5) Maintaining business rules and system parameters for long-term contracts for dual channel (AAC H) items to provide direct delivery material to retail sites.

(6) Assuring that all required documentation is correctly prepared and included with the delivery of material supplied by an organic manufacturer to preclude litigation.

(7) Processing discrepancies for retail material place in Condition Code "L" (litigation) within three weeks.

GLOSSARYABBREVIATIONS AND ACRONYMS

AAC	Acquisition Advice Code
ALC	Air Logistics Complex
BRAC	Base Realignment and Closure
CD	Customer Direct
CONUS	Continental United States
DC	Distribution Center
DCO	Demand Chain Owner
DDE	Demand Data Exchange
DSS	Distribution Standard System
EBS	Enterprise Business System
FRC	Fleet Readiness Center
FTE	Full Time Equivalent
GDP	Gross Demand Plan
IA	Industrial Activity
IMSP	Inventory Management Stock Positioning
IPO	Inventory Policy Optimization
IPV	Industrial Prime Vendor
ISA	Industrial Support Activities
LLR	Local Recovery Rate
LSN	Local Stock Number
MOV	Materiel Obligation Validation
NAM	National Account Manager
NIIN	National Item Identification Number
OCONUS	Outside Continental United States
ORT	Order Response Time
PLFA	Primary Level Field Activity
RMC	Replenishment Method Code

SAP	Systems Application & Products
S&OP	Sales and Operations Planning
SCO	Supply Chain Owner
SDR	Supply Discrepancy Report
SKU	Stock Keeping Unit
SP BPA	Supply Planner BPA
SSC	Shop Service Center
STO	Stock Transfer Order